

City of Rockville

Analysis of Investment Performance
through March 31, 2007



George Kiriakos
Vice President

June 2007



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June 05, 2007

Board of Trustees
City of Rockville
111 Maryland Avenue
Rockville, MD 20854

Dear Board of Trustees:

This report presents our updated analysis of the Fund's investment performance and traces the growth of assets through March 31, 2007. It is based on data provided to us by your custodian and the various investment managers. The report illustrates the investment performance of the overall Fund and also shows results by asset class segment and by individual manager in comparison with the various performance benchmarks defined in the Fund's statement of guidelines and objectives.

We hope you find this report useful as a tool for monitoring the performance of the Fund as well as a basis for discussion of the investment issues surrounding the investment program. We look forward to reviewing this report with you and answering any questions you may have.

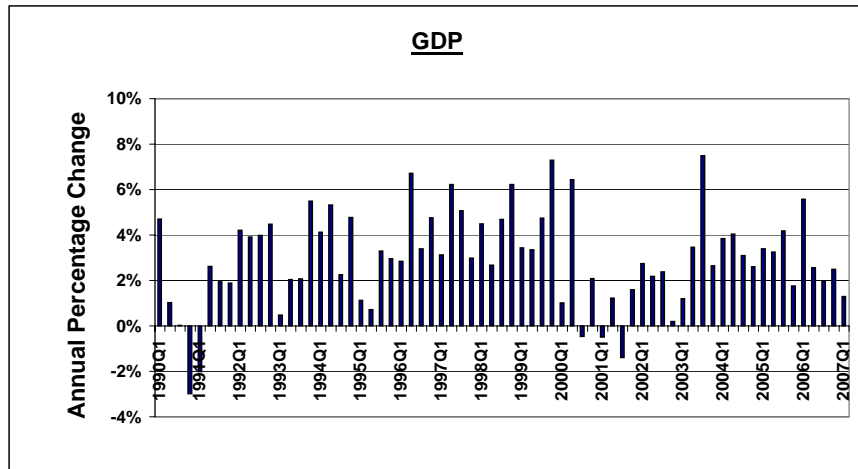
Sincerely,

George Kiriakos
Vice President

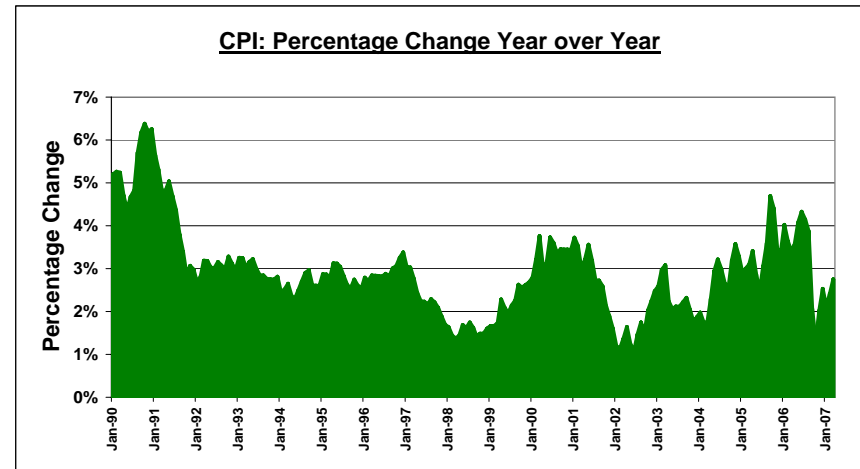
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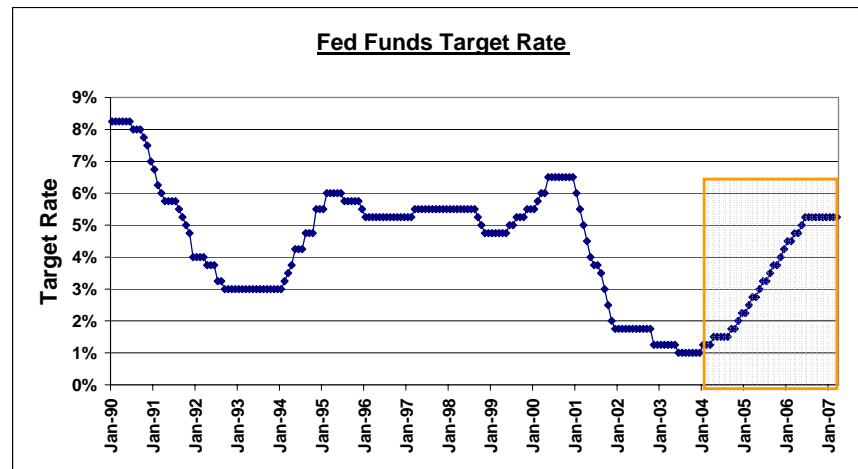
Macroeconomic Themes



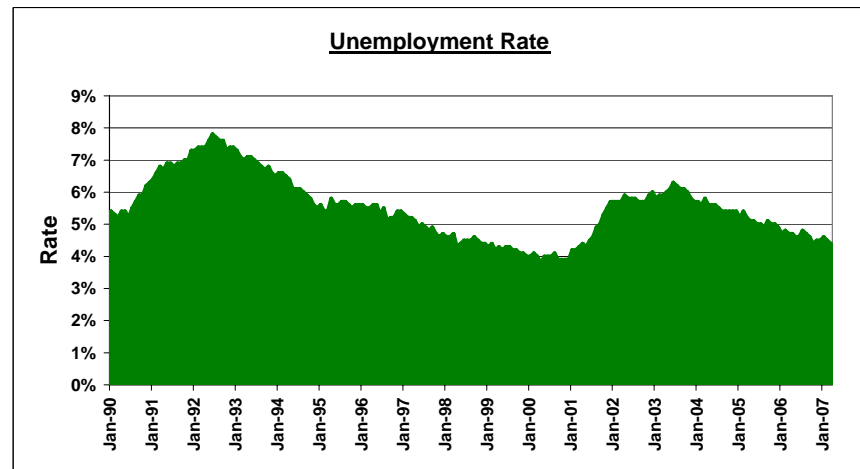
- Q1 GDP slowed to a 1.3% annualized rate, down from 2.5% in Q4 of 2006. This is below consensus expectations. The weakening was due to a worsening in trade and reduced federal government spending. Housing continued to weigh on growth.
- The decline in exports paired with increased imports, slower growth in consumer spending and decrease in federal spending led to the weakening in growth.
- Home construction has fallen for the last six quarters and is now down 17% from its peak.



- A large increase in energy prices led to stronger topline inflation; energy prices have risen an annualized 23% during the first three months of 2007.
- On a year ago basis, core CPI, which excludes food and energy, slowed to 2.5%. March saw the slowest monthly core inflation since June 2005.
- Both overall and core inflation were below consensus expectations for March.

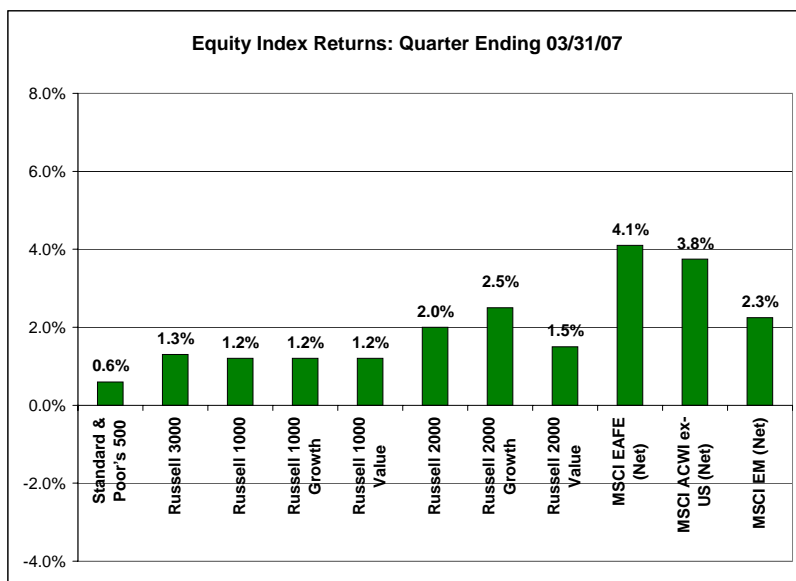


- For the sixth straight meeting, the FOMC held the fed funds rate steady at 5.25%. The committee noted "recent economic indicators have been mixed", in particular noting the housing market. The Fed removed its tightening bias, which had been in place since 2006. The statement said "the Committee's predominant policy concern remains the risk that inflation will fail to moderate as expected."
- The committee had raised the fed funds rate 25 basis points at 17 consecutive meetings, with the policy rate increasing from 1% to 5.25% from June '04 to June '06.



- The unemployment rate declined slightly to 4.4%, as payroll employment increased more than expected. Average monthly gains during Q1 2007 were roughly 152,000, which implies a healthy pace of growth.
- Hourly earnings increased to \$17.22 in March; over the year, earnings are up by 4%.
- The workweek, manufacturing workweek and manufacturing overtime all increased during the quarter.

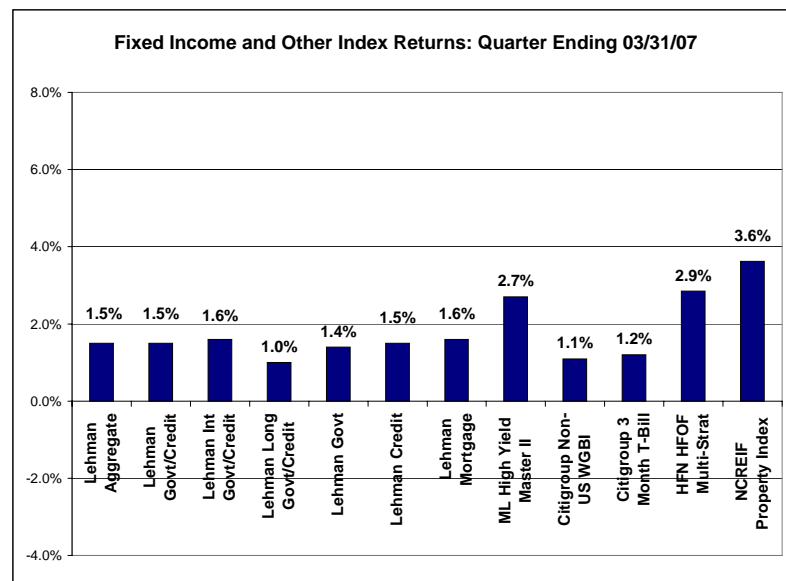
Selected Equity and Fixed Income Index Rates of Return for Periods Ended March 31, 2007



Equity Indices

	Quarter	YTD	1-year	3-year	5-year	10-year
Standard & Poor's 500	0.6%	0.6	11.8	10.1	6.3	8.2
Russell 3000	1.3%	1.3	11.3	10.8	7.2	8.7
Russell 1000	1.2%	1.2	11.8	10.7	6.9	8.6
Russell 1000 Growth	1.2%	1.2	7.1	7.0	3.5	5.5
Russell 1000 Value	1.2%	1.2	16.8	14.4	10.3	10.9
Russell 2000	2.0%	2.0	5.9	12.0	10.9	10.2
Russell 2000 Growth	2.5%	2.5	1.6	9.4	7.9	6.3
Russell 2000 Value	1.5%	1.5	10.4	14.5	13.6	13.5
MSCI EAFE (Net)	4.1%	4.1	20.2	19.8	15.8	8.3
MSCI ACWI ex-US (Net)	3.8%	3.8	19.8	20.9	16.9	9.0*
MSCI EM (Net)	2.3%	2.3	20.6	27.5	24.5	8.8*

*For 10-year performance, Gross returns are provided.

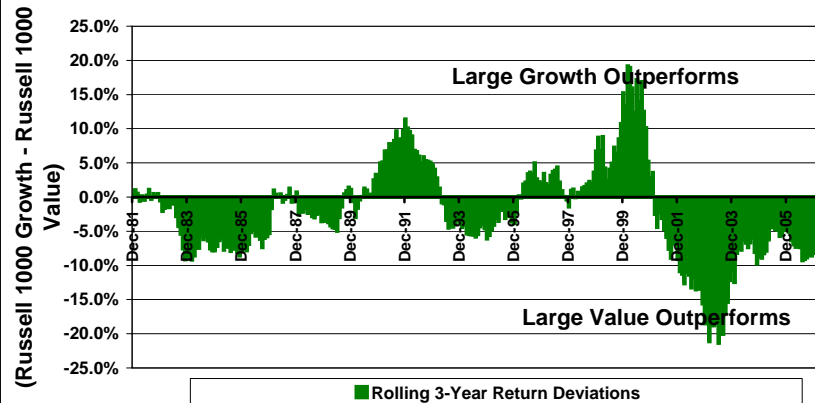


Fixed Income Indices

	Quarter	YTD	1-year	3-year	5-year	10-year
Lehman Aggregate	1.5%	1.5	6.6	3.3	5.4	6.5
Lehman Govt/Credit	1.5%	1.5	6.4	2.9	5.6	6.5
Lehman Int Govt/Credit	1.6%	1.6	6.1	2.6	4.9	6.0
Lehman Long Govt/Credit	1.0%	1.0	7.4	4.1	7.9	8.1
Lehman Govt	1.4%	1.4	5.9	2.7	5.1	6.2
Lehman Credit	1.5%	1.5	7.1	3.2	6.3	6.8
Lehman Mortgage	1.6%	1.6	7.0	4.1	5.0	6.3
ML High Yield Master II	2.7%	2.7	11.6	8.6	10.1	6.8
Citigroup Non-US WGBI	1.1%	1.1	8.3	2.7	10.2	5.4
Citigroup 3 Month T-Bill	1.2%	1.2	5.0	3.3	2.5	3.7
<u>Other Indices</u>						
HFN HFOF Multi-Strat	2.9%	2.9	7.6	7.7	8.0	10.0
NCREIF Property Index	3.6%	3.6	16.6	17.4	13.7	12.9

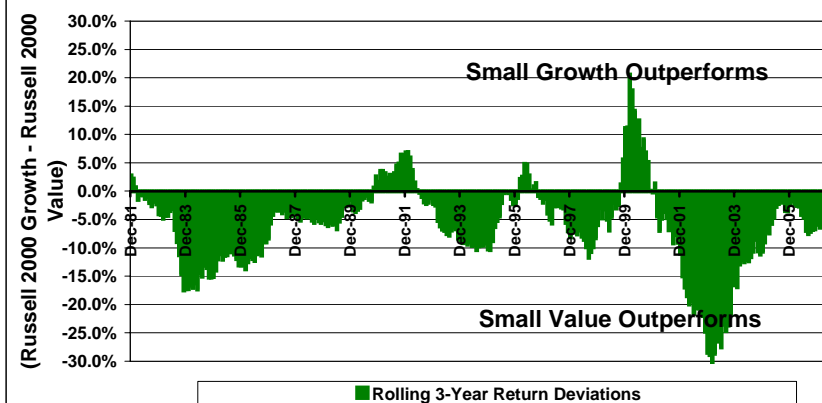
Equity Themes

Equity Style Cycle: Rolling Returns Analysis



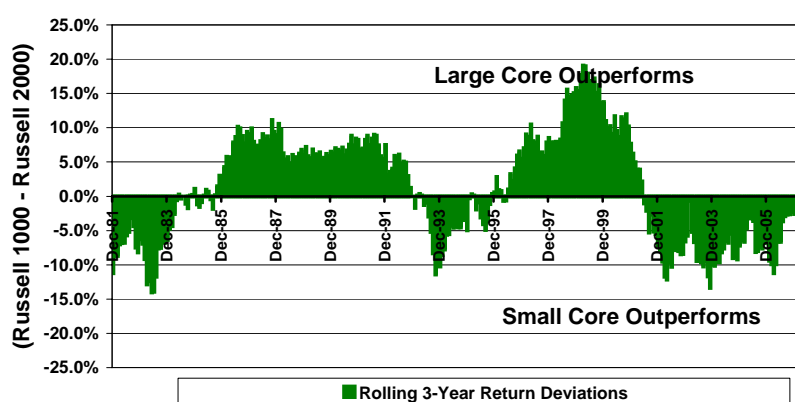
- Index Inception (i.e., January 1979): R1000V: **14.5%**; R1000G: **11.8%** (+268 bps)
- The R1000V has outperformed the R1000G in 8 of last 10 calendar years, including the last 7 in a row.

Equity Style Cycle: Rolling Returns Analysis



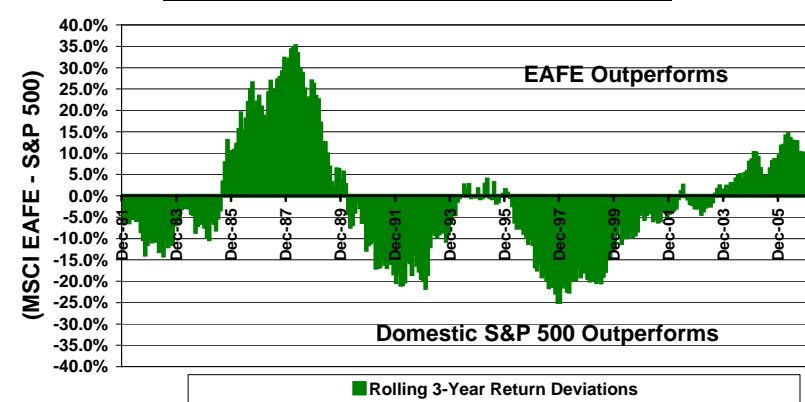
- Index Inception (i.e., January 1979): R2000V: **15.8%**; R2000G: **10.3%** (+551 bps)
- The R2000V has outperformed the R2000G in 7 of last 10 calendar years, including 6 of the last 7.

Equity Market Cap Cycle: Rolling Returns Analysis



- Index Inception (i.e., January 1979): R1000: **13.3%**; R2000: **13.4%** (-10 bps)
- The R2000 has outperformed the R1000 in 7 of last 8 calendar years.

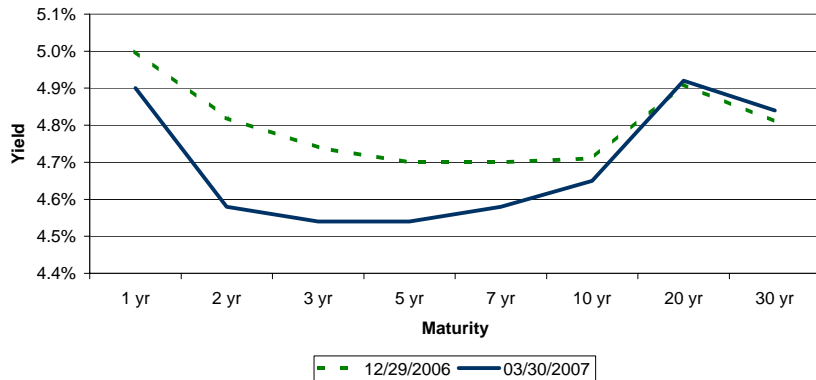
Equity Country Cycle: Rolling Returns Analysis



- Index Inception (i.e., January 1979): S&P 500: **13.4%**; EAFE: **11.4%** (+194 bps)
- The EAFE has outperformed the S&P 500 in 6 of last 10 calendar years, including the last 5 in a row.

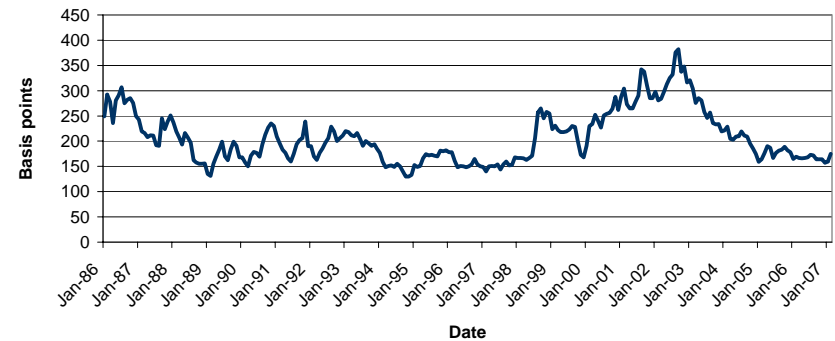
Fixed Income Themes

Treasury Yield Curve



- The yield curve steepened in the first quarter, as 2-year Treasury yields fell 24 basis points while 30-year Treasury yields rose 3 basis points.
- In February, there were concerns that weakness in the sub-prime mortgage market would spread to the rest of the economy and cause the Fed to lower interest rates to fight off a potential recession. This trend continued in March.

**Moody's Corporate-Treasury Bond Spread
Baa 10-Yr Constant Maturities**



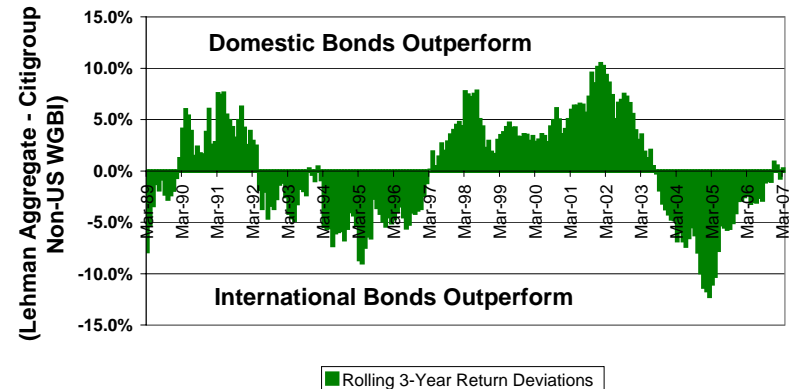
- Credit spreads continue to remain near 10 year lows.
- After tightening in January, credit spreads widened in February and March by 18 basis points due to concerns over the subprime market and a general slowdown in the economy.
- For the quarter, credit spreads widened by 11 basis points.

**Interest Rate Trends
Moody's AAA Seasoned**



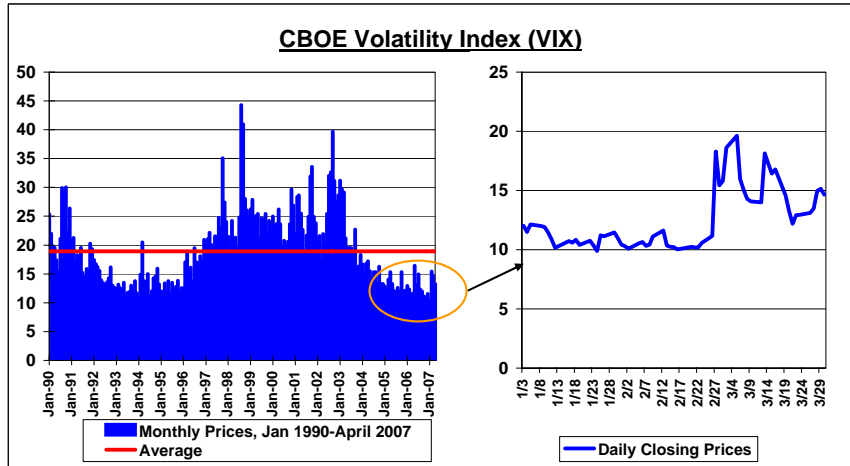
- The declining interest rate environment over the past decade has fueled fixed income returns.
- Corporate bond yields ended the quarter 3 basis points lower, at 5.43%.

Fixed Income Cycle: Rolling Returns Analysis

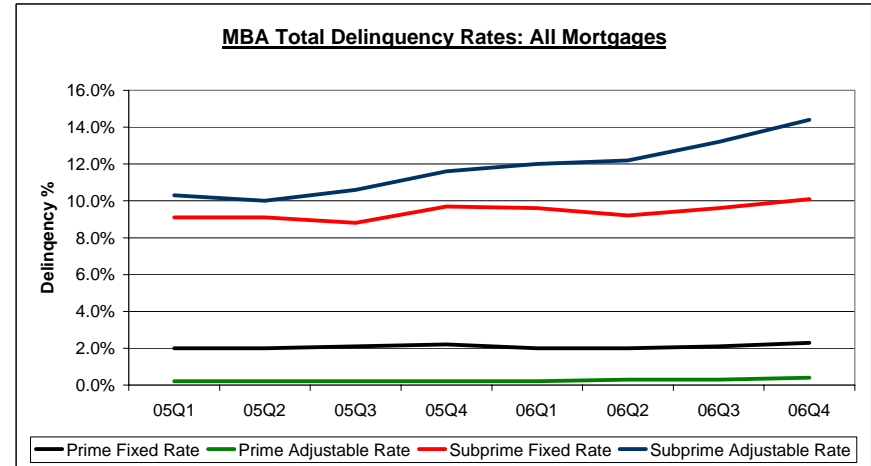


- Although international bonds have outperformed domestic bonds over the most recent 3-year rolling periods, domestic bonds have provided superior longer term returns. Over the past 10 years, the Lehman Aggregate has returned 87% on a cumulative basis, versus the Non-US WGBI cumulative return of 70%.

Themes of the First Quarter



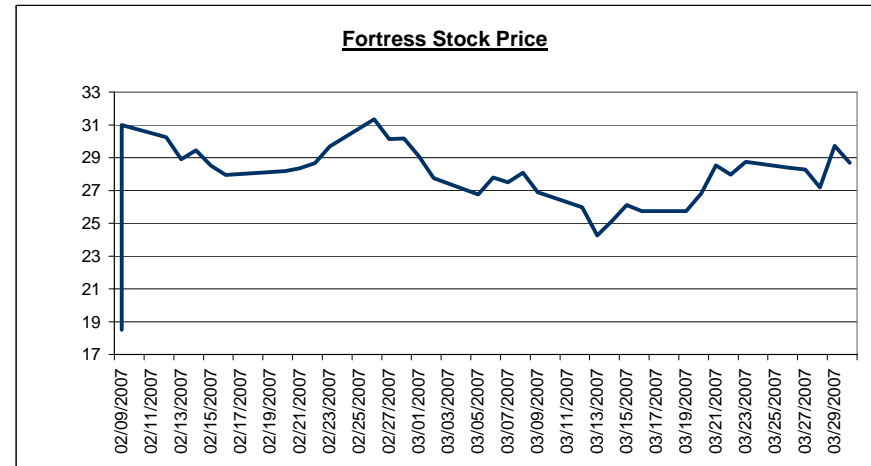
- Volatility increased significantly and quickly in late February following the decline in Chinese equities, which spilled over to markets across the globe. As markets recovered, the VIX has declined to lower levels and is still considered low by historical standards.



- Relaxed credit standards from lenders, combined with a slowdown in home price appreciation, have led to increasing defaults of subprime loans.
- A rash of defaults in the first quarter eventually forced leading subprime lender New Century to file for bankruptcy in the beginning of April and raised fears that credit problems would spread to other parts of the mortgage market.



- On February 27, 2007, the Chinese equity markets experienced their largest one-day drop in over 10 years. This sell off was widely publicized in the media and also contributed to a 3.3% sell off in the US markets, as measured by the DJIA.
- Despite its size, the plunge only erased gains accumulated over the previous six trading days and the equity market quickly recovered. The DJ China TMI rose 44% during Q1 2007 and 135% for the year ending 3/30/2007.



- Fortress became the first major hedge fund and private equity firm to go public. Investor sentiment was high, as shares jumped from an IPO price of \$18.50 to \$31 on the first day of trading.
- Shortly after, Blackstone, a large private equity firm announced its intention to IPO 10% of the company, and more private equity firms are expected to follow.

Investment Manager Roster

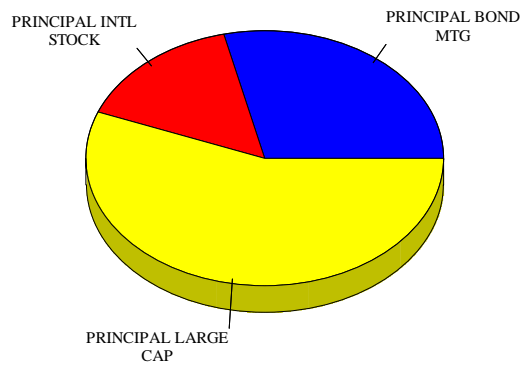
Investment Manager	Mandate	Benchmark	Inception Date
Principal	Large Cap	S&P 500	12/31/1994
Principal	International Core	MSCI Net EAFE	12/31/1994
Principal	Fixed Income Core	Lehman Aggregate Bond Index	12/31/1994

Asset Allocation Policy

Asset Class	Minimum	Target	Maximum
Domestic Equity	45%	50%	55%
International Core	10%	15%	20%
Fixed Income Core	30%	35%	40%

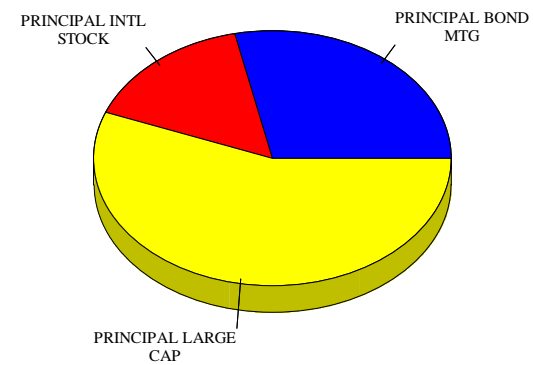
**CITY OF ROCKVILLE
COMPOSITE
MANAGER ALLOCATION
TOTAL FUND**

TOTAL MARKET VALUE
ON DECEMBER 31, 2006
\$60,929,022



	VALUE	PERCENT
PRINCIPAL BOND MTG	17,475,292	28.68
PRINCIPAL INTL STOCK	9,370,346	15.38
PRINCIPAL LARGE CAP	34,083,384	55.94

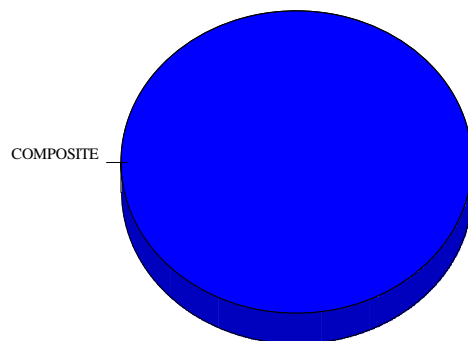
TOTAL MARKET VALUE
ON MARCH 31, 2007
\$62,945,513



	VALUE	PERCENT
PRINCIPAL BOND MTG	17,872,794	28.39
PRINCIPAL INTL STOCK	9,888,606	15.71
PRINCIPAL LARGE CAP	35,184,113	55.90

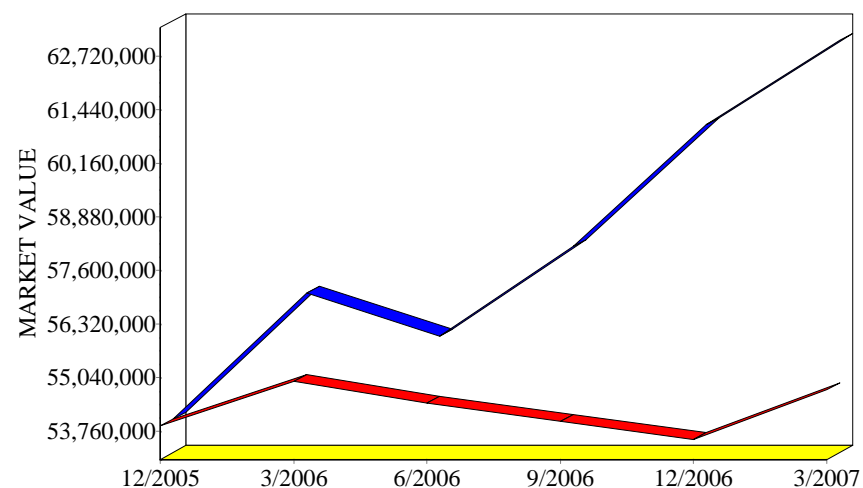
**CITY OF ROCKVILLE
COMPOSITE
ASSET ALLOCATION AND SOURCE OF PORTFOLIO GROWTH**

ASSET ALLOCATION
AS OF MARCH 31, 2007



	VALUE	PERCENT
COMPOSITE	62,945,513	100.00
TOTAL	62,945,513	100.00

SOURCE OF PORTFOLIO GROWTH
DECEMBER 31, 2005 THROUGH MARCH 31, 2007



■ PORTFOLIO MARKET VALUE
■ BEGINNING MARKET VALUE & NET CONTRIBUTIONS

	DOLLARS	
	LATEST QUARTER	SINCE INCEPTION
BEGINNING VALUE	60,929,022	53,896,652
NET CONTRIBUTION	1,188,243	864,037
INVESTMENT RETURN	828,248	8,184,824
ENDING VALUE	62,945,513	62,945,513

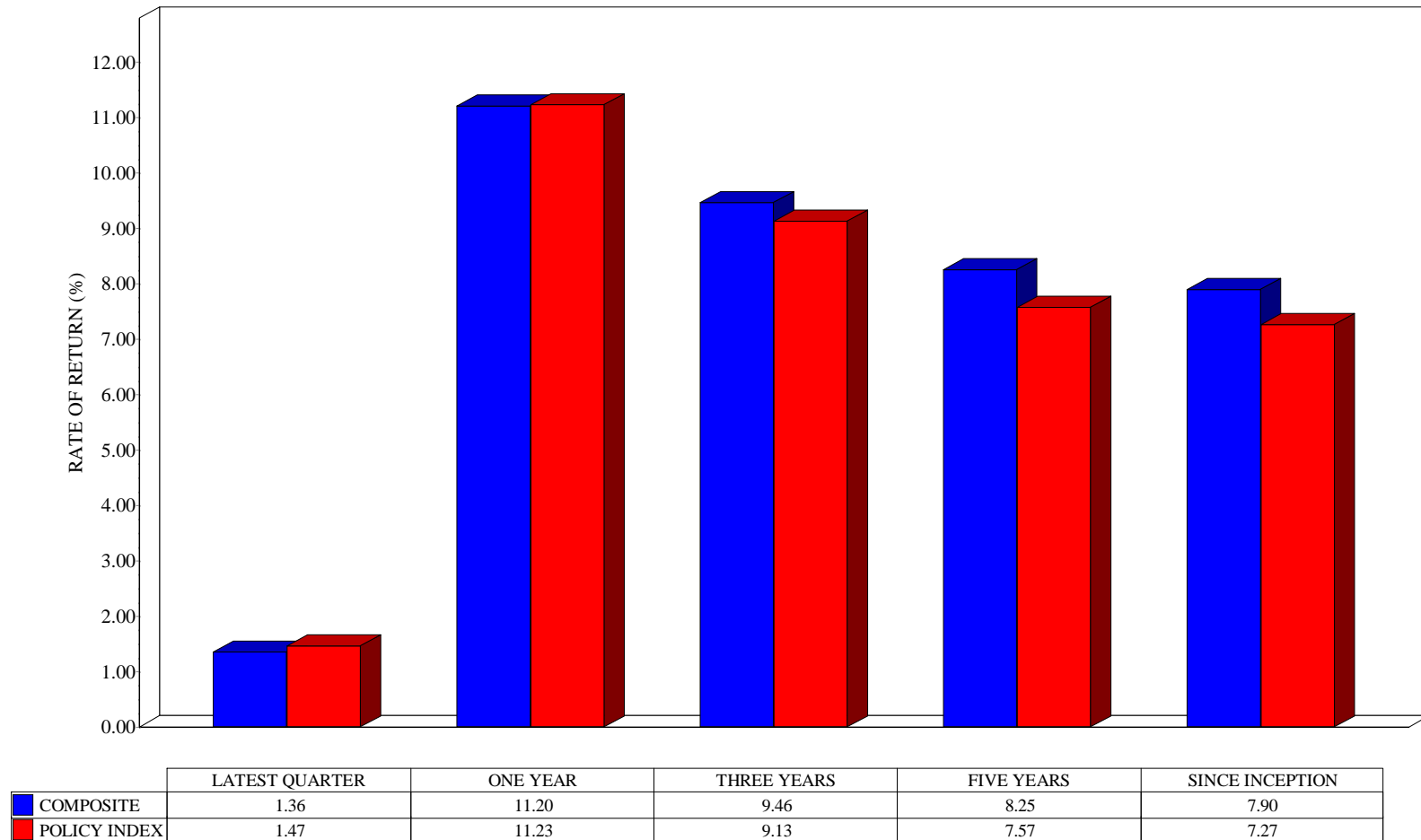
**CITY OF ROCKVILLE
COMPOSITE
INVESTMENT EARNINGS
DECEMBER 31, 2006 THROUGH MARCH 31, 2007**

MANAGER AND ASSET CLASS	BEGINNING MARKET VALUE	NEW MONEY	INTEREST AND DIVIDENDS	NET CAPITAL APPRECIATION	ENDING MARKET VALUE	TOTAL INVESTMENT EARNINGS	RATE OF RETURN
PRINCIPAL BOND AND MORTGAGE	17,475,292	117,510	0	279,992	17,872,794	279,992	1.62
PRINCIPAL INTERNATIONAL STOCK	9,370,346	178,455	0	339,805	9,888,606	339,805	3.61
PRINCIPAL LARGE CAP STOCK INDEX	34,083,384	892,278	0	208,451	35,184,113	208,451	0.61
COMPOSITE	60,929,022	1,188,243	0	828,248	62,945,513	828,248	1.36

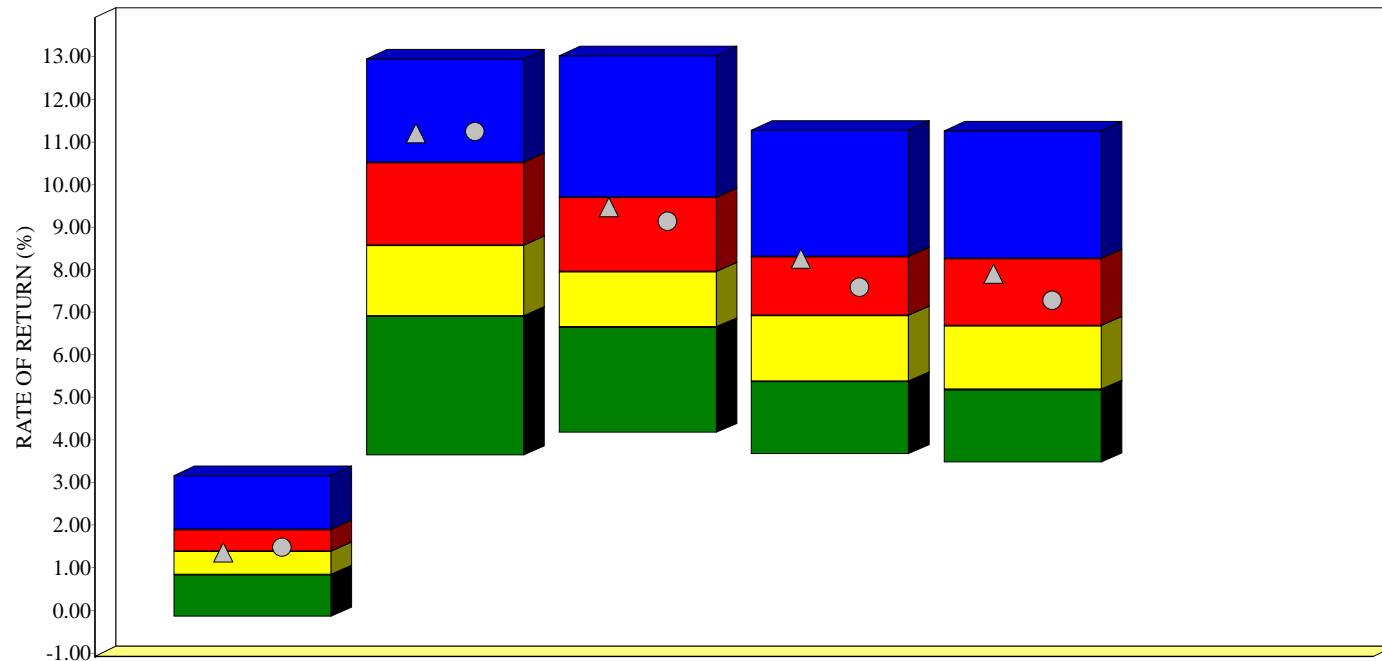
**CITY OF ROCKVILLE
COMPOSITE
INVESTMENT EARNINGS
MARCH 31, 2006 THROUGH MARCH 31, 2007**





MANAGER AND ASSET CLASS	BEGINNING MARKET VALUE	NEW MONEY	INTEREST AND DIVIDENDS	NET CAPITAL APPRECIATION	ENDING MARKET VALUE	TOTAL INVESTMENT EARNINGS	RATE OF RETURN
PRINCIPAL BOND AND MORTGAGE	18,252,926	-1,566,072	0	1,185,940	17,872,794	1,185,940	7.00
PRINCIPAL INTERNATIONAL STOCK	8,147,150	227,412	0	1,514,044	9,888,606	1,514,044	18.47
PRINCIPAL LARGE CAP STOCK INDEX	30,501,459	1,137,055	0	3,545,599	35,184,113	3,545,599	11.55
COMPOSITE	56,901,535	-201,605	0	6,245,583	62,945,513	6,245,583	11.20

**CITY OF ROCKVILLE
COMPOSITE
TIME-WEIGHTED RETURNS
DECEMBER 31, 2001 THROUGH MARCH 31, 2007**



**CITY OF ROCKVILLE
QUARTILE RANKING ANALYSIS
TOTAL FUND AGAINST BALANCED MANAGERS
DECEMBER 31, 2001 THROUGH MARCH 31, 2007**



		<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
	HIGHEST VALUE		3.17		12.94		13.02		11.26		11.26
	FIRST QUARTILE		1.90		10.51		9.69		8.31		8.25
	MEDIAN VALUE		1.38		8.56		7.95		6.93		6.68
	THIRD QUARTILE		0.83		6.91		6.64		5.37		5.18
	LOWEST VALUE		-0.15		3.63		4.16		3.67		3.47
	MEAN		1.37		8.65		8.15		6.95		6.84
		LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
		RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲	COMPOSITE	1.36	51	11.20	13	9.46	28	8.25	26	7.90	29
●	POLICY INDEX	1.47	44	11.23	13	9.13	33	7.57	36	7.27	39

**CITY OF ROCKVILLE
COMPOSITE
INVESTMENT PERFORMANCE
DECEMBER 31, 2001 THROUGH MARCH 31, 2007**

	LATEST QUARTER ROR	ONE YEAR ROR	THREE YEARS ROR	FIVE YEARS ROR	SINCE INCEPTION ROR
TOTAL FUND					
PRINCIPAL LARGE CAP	0.61	11.55	9.93	6.16	5.91
PRINCIPAL INTL STOCK	3.61	18.47	24.90	18.65	17.58
PRINCIPAL BOND MTG	1.62	7.00	4.09	6.26	5.98
COMPOSITE	1.36	11.20	9.46	8.25	7.90
POLICY INDEX	1.47	11.23	9.13	7.57	7.27

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

01/31/1995 - PRESENT

50% S&P 500
35% LB AGGREGATE BOND
15% MSCI NET EAFE

**CITY OF ROCKVILLE
COMPOSITE
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 2001 THROUGH MARCH 31, 2007**

DATE	ACCOUNT						POLICY INDEX			
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE	12/2001	QUARTERLY	SEMI	ANNUALLY	SINCE
03/2002	0.28					0.28	0.32			0.32
06/2002	-3.50	*	-3.23	*		-3.23	-5.91	-5.61		-5.61
09/2002	-7.84	*				-10.82	-10.32			-15.36
12/2002	5.39		-2.87	*	-6.01	* -6.01	5.88	-5.05	-10.38	-10.38
03/2003	-1.93	*				-6.31	-2.34			-10.11
06/2003	10.03		7.91			0.95	11.35	8.74		-1.70
09/2003	1.36					1.59	2.51			-0.06
12/2003	7.79		9.26		17.89	5.27	8.65	11.38	21.12	4.19
03/2004	2.56	*				5.85	2.43			4.83
06/2004	-0.23		2.32			5.15	0.03	2.46		4.34
09/2004	0.45	*				4.84	0.14			3.99
12/2004	6.74		7.22		9.71	6.73	7.18	7.33	9.97	6.08
03/2005	-1.31					5.76	-1.25			5.19
06/2005	1.99	*	0.65	*		5.94	1.60	0.33		5.29
09/2005	3.53	*				6.51	3.11			5.79
12/2005	2.14	*	5.74	*	6.43	* 6.65	1.88	5.05	5.40	5.91
03/2006	3.59	*				7.14	3.26			6.35
06/2006	-0.88		2.67	*		6.52	-0.62	2.62		5.84
09/2006	4.64					7.18	4.76			6.56
12/2006	5.79	*	10.69	*	13.65	* 8.02	5.30	10.31	13.20	7.33
03/2007	1.36					7.90	1.47			7.27

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE POLICY INDEX

**CITY OF ROCKVILLE
COMPOSITE
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 2001 THROUGH MARCH 31, 2007**

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

01/31/1995 - PRESENT

50%	S&P 500
35%	LB AGGREGATE BOND
15%	MSCI NET EAFE

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE POLICY INDEX

**CITY OF ROCKVILLE
COMPOSITE
ALLOCATION OF ASSETS
JUNE 30, 2002 THROUGH MARCH 31, 2007**

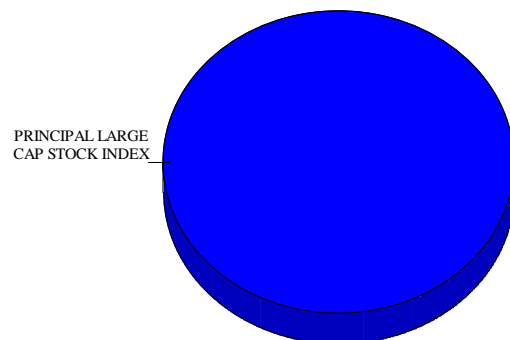
DATE	NET CONTRIBUTION	BOND SEGMENT	PERCENT	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
6/2002	0	0	0.00	0	0.00	0	0.00	41,225,900	-3.50	96.77
9/2002	0	0	0.00	0	0.00	0	0.00	37,425,471	-7.84	89.18
12/2002	0	0	0.00	0	0.00	0	0.00	39,233,833	5.39	93.99
3/2003	0	0	0.00	0	0.00	0	0.00	39,048,302	-1.93	92.18
6/2003	0	0	0.00	0	0.00	0	0.00	42,696,903	10.03	101.42
9/2003	0	0	0.00	0	0.00	0	0.00	42,986,708	1.36	102.80
12/2003	0	0	0.00	0	0.00	0	0.00	46,080,036	7.79	110.81
3/2004	0	0	0.00	0	0.00	0	0.00	48,338,361	2.56	113.65
6/2004	0	0	0.00	0	0.00	0	0.00	47,985,384	-0.23	113.38
9/2004	0	0	0.00	0	0.00	0	0.00	47,818,710	0.45	113.89
12/2004	0	0	0.00	0	0.00	0	0.00	50,876,311	6.74	121.57
3/2005	0	0	0.00	0	0.00	0	0.00	51,363,712	-1.31	119.98
6/2005	0	0	0.00	0	0.00	0	0.00	51,807,315	1.99	122.37
9/2005	0	0	0.00	0	0.00	0	0.00	53,231,826	3.53	126.69
12/2005	-398,198	0	0.00	0	0.00	0	0.00	53,896,652	2.14	129.39
3/2006	1,065,642	0	0.00	0	0.00	0	0.00	56,901,535	3.59	134.04
6/2006	-531,862	0	0.00	0	0.00	0	0.00	55,869,815	-0.88	132.85
9/2006	-424,358	0	0.00	0	0.00	0	0.00	58,021,793	4.64	139.02
12/2006	-433,628	17,475,292	28.68	34,083,384	55.94	0	0.00	60,929,022	5.79	147.06
3/2007	1,188,243	17,872,794	28.39	35,184,113	55.90	0	0.00	62,945,513	1.36	149.06

**CITY OF ROCKVILLE
COMPOSITE
ALLOCATION OF ASSETS
JUNE 30, 2002 THROUGH MARCH 31, 2007**

DATE	NET CONTRIBUTION	INTERNATIONAL EQUITY PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
6/2002	0	0	41,225,900	-3.50	96.77
9/2002	0	0	37,425,471	-7.84	89.18
12/2002	0	0	39,233,833	5.39	93.99
3/2003	0	0	39,048,302	-1.93	92.18
6/2003	0	0	42,696,903	10.03	101.42
9/2003	0	0	42,986,708	1.36	102.80
12/2003	0	0	46,080,036	7.79	110.81
3/2004	0	0	48,338,361	2.56	113.65
6/2004	0	0	47,985,384	-0.23	113.38
9/2004	0	0	47,818,710	0.45	113.89
12/2004	0	0	50,876,311	6.74	121.57
3/2005	0	0	51,363,712	-1.31	119.98
6/2005	0	0	51,807,315	1.99	122.37
9/2005	0	0	53,231,826	3.53	126.69
12/2005	-398,198	0	53,896,652	2.14	129.39
3/2006	1,065,642	0	56,901,535	3.59	134.04
6/2006	-531,862	0	55,869,815	-0.88	132.85
9/2006	-424,358	0	58,021,793	4.64	139.02
12/2006	-433,628	9,370,346	60,929,022	5.79	147.06
3/2007	1,188,243	9,888,606	62,945,513	1.36	149.06

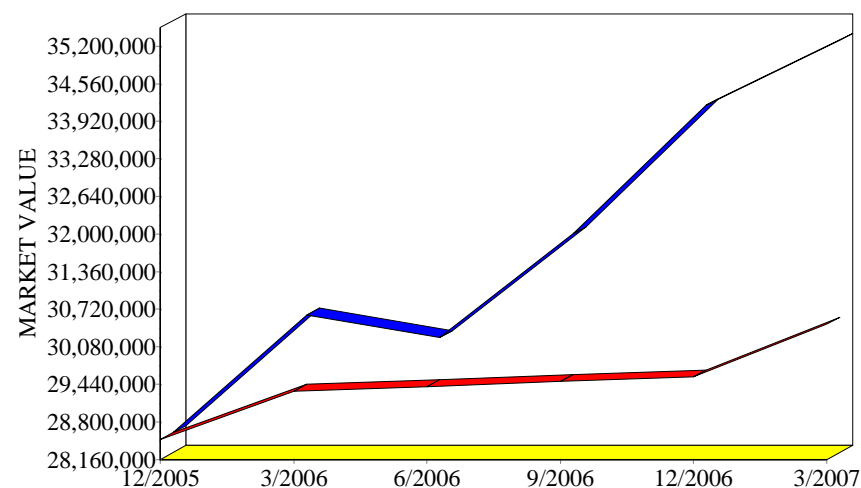
**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
ASSET ALLOCATION AND SOURCE OF PORTFOLIO GROWTH**

ASSET ALLOCATION
AS OF MARCH 31, 2007



	VALUE	PERCENT
PRINCIPAL LARGE CAP STOCK INDEX	35,184,113	100.00
TOTAL	35,184,113	100.00

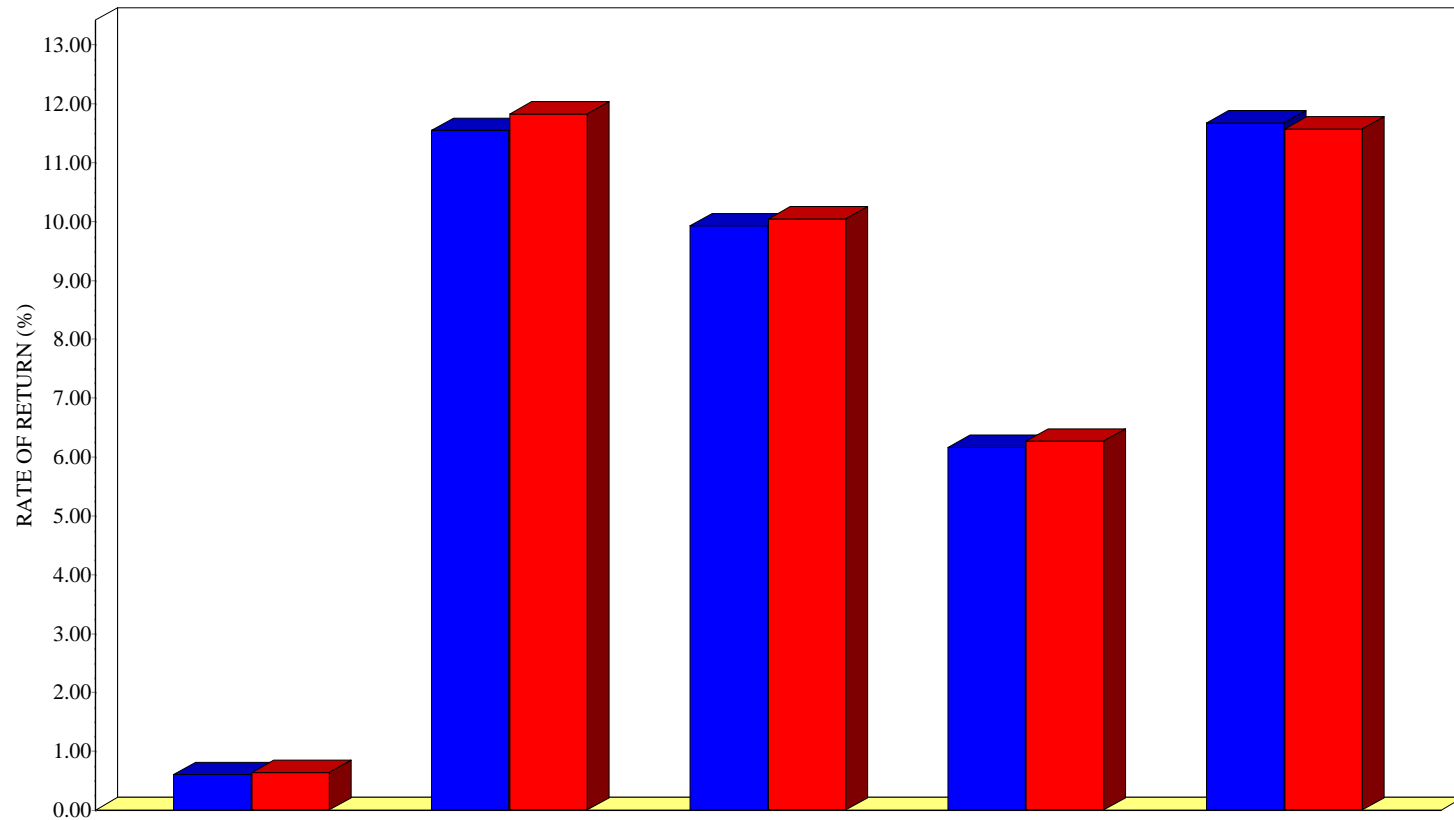
SOURCE OF PORTFOLIO GROWTH
DECEMBER 31, 2005 THROUGH MARCH 31, 2007



■ PORTFOLIO MARKET VALUE
■ BEGINNING MARKET VALUE & NET CONTRIBUTIONS

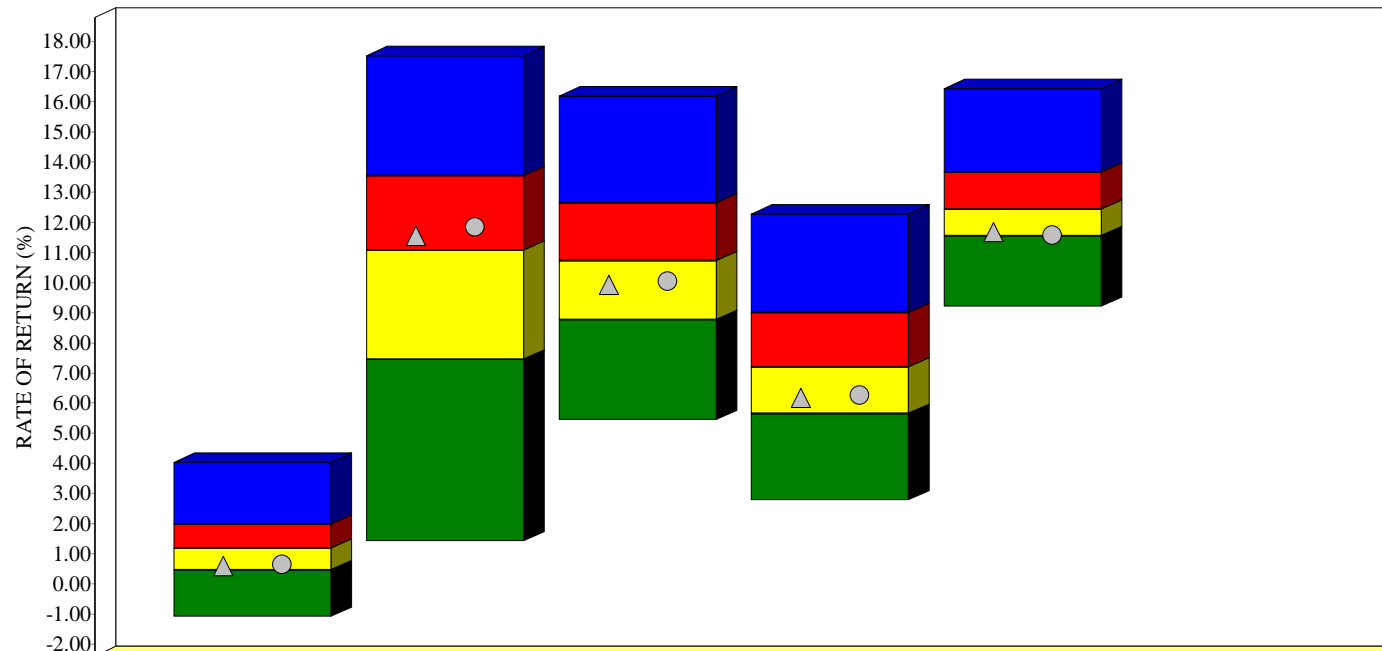
	DOLLARS	
	LATEST QUARTER	SINCE INCEPTION
BEGINNING VALUE	34,083,384	28,505,988
NET CONTRIBUTION	892,278	1,957,828
INVESTMENT RETURN	208,451	4,720,297
ENDING VALUE	35,184,113	35,184,113

**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
TIME-WEIGHTED RETURNS
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**



	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
PRINCIPAL LARGE CAP	0.61	11.55	9.93	6.16	11.67
S&P 500	0.64	11.83	10.05	6.26	11.56

**CITY OF ROCKVILLE
QUARTILE RANKING ANALYSIS
TOTAL FUND AGAINST LARGE CAP MANAGERS
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**



	<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
 HIGHEST VALUE	4.02		17.52		16.19		12.27		16.42	
 FIRST QUARTILE	1.99		13.54		12.64		9.00		13.66	
 MEDIAN VALUE	1.20		11.07		10.71		7.20		12.42	
 THIRD QUARTILE	0.45		7.44		8.77		5.65		11.54	
 LOWEST VALUE	-1.09		1.42		5.44		2.78		9.19	
 MEAN	1.23		10.48		10.75		7.33		12.54	

	<u>LATEST QUARTER</u>		<u>ONE YEAR</u>		<u>THREE YEARS</u>		<u>FIVE YEARS</u>		<u>SINCE INCEPTION</u>	
 PRINCIPAL LARGE CAP	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
	0.61	69	11.55	45	9.93	62	6.16	69	11.67	69
 S&P 500	0.64	68	11.83	42	10.05	61	6.26	67	11.56	74

**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
INVESTMENT PERFORMANCE
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

	LATEST QUARTER ROR	ONE YEAR ROR	THREE YEARS ROR	FIVE YEARS ROR	SINCE INCEPTION ROR
TOTAL FUND					
PRINCIPAL LARGE CAP	0.61	11.55	9.93	6.16	11.67
S&P 500	0.64	11.83	10.05	6.26	11.56

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
100% S&P 500

**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

DATE	ACCOUNT						S&P 500			
	QUARTERLY	SEMI ANNUALLY	ANNUALLY			SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994
03/1995	9.80	*				9.80	9.74			9.74
06/1995	9.62	*	20.36	*		20.36	9.55	20.21		20.21
09/1995	8.01	*				30.00	7.95			29.77
12/1995	6.11	*	14.61	*	37.95	37.95	6.02	14.45	37.58	37.58
03/1996	5.40	*				34.91	5.37			34.59
06/1996	4.58	*	10.23	*		32.23	4.49	10.10		31.89
09/1996	3.17	*				29.34	3.09			29.00
12/1996	8.42	*	11.86	*	23.30	30.42	8.34	11.68	22.96	30.06
03/1997	2.77	*				28.17	2.68			27.81
06/1997	17.49	*	20.74	*		33.36	17.46	20.61		33.01
09/1997	7.58	*				33.41	7.49			33.05
12/1997	2.96	*	10.76	*	33.74	31.52	2.87	10.58	33.36	31.15
03/1998	14.01	*				34.07	13.95			33.71
06/1998	3.37	*	17.85	*		32.54	3.31	17.72		32.19
09/1998	-9.83	*				26.54	-9.95			26.18
12/1998	21.37	*	9.44	*	28.98	30.88	21.30	9.23	28.58	30.51
03/1999	5.04	*				30.32	4.98			29.96
06/1999	7.12	*	12.52	*		30.39	7.05	12.38		30.03
09/1999	-6.15	*				26.88	-6.25			26.52
12/1999	14.97	*	7.90	*	21.41	28.93	14.88	7.70	21.04	28.56
03/2000	2.34	*				27.94	2.29			27.58
06/2000	-2.58	*	-0.30	*		25.91	-2.66	-0.42		25.56
09/2000	-0.92	*				24.46	-0.97			24.11
12/2000	-7.71	*	-8.56	*	-8.83	21.69	-7.83	-8.72	-9.11	21.34
03/2001	-11.90					18.31	-11.86			18.00
06/2001	5.73		-6.85			18.56	5.86	-6.69		18.28
09/2001	-14.59	*				15.10	-14.68			14.81

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE S&P 500

**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

DATE	ACCOUNT						S&P 500				
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE		QUARTERLY	SEMI	ANNUALLY	SINCE	
					12/1994					12/1994	
12/2001	10.74	*	-5.42	*	-11.90	16.20	*	10.69	-5.56	-11.88	15.92
03/2002	0.25					15.64	*	0.27			15.37
06/2002	-13.39	*	-13.17			12.90	*	-13.40	-13.16		12.64
09/2002	-17.27	*				9.74	*	-17.28			9.50
12/2002	8.42		-10.30		-22.12	10.53	*	8.43	-10.30	-22.11	10.30
03/2003	-3.16					9.77	*	-3.15			9.55
06/2003	15.36		11.71			11.33	*	15.40	11.77		11.11
09/2003	2.63					11.31	*	2.64			11.11
12/2003	12.10		15.05		28.53	12.40	*	12.18	15.14	28.69	12.21
03/2004	1.67					12.25	*	1.70			12.06
06/2004	1.72	*	3.42			12.11	*	1.71	3.44		11.93
09/2004	-1.87	*				11.56	*	-1.87			11.39
12/2004	9.21		7.17		10.83	12.24	*	9.23	7.19	10.87	12.07
03/2005	-2.12	*				11.69	*	-2.15			11.52
06/2005	1.37	*	-0.78	*		11.54	*	1.36	-0.82		11.38
09/2005	3.59					11.63	*	3.61			11.47
12/2005	2.08		5.74		4.92	*		2.09	5.77	4.90	11.40
03/2006	4.11					11.69	*	4.21			11.54
06/2006	-1.50		2.55			11.27	*	-1.44	2.71		11.14
09/2006	5.60					11.53	*	5.67			11.41
12/2006	6.60		12.57		15.44	11.87	*	6.70	12.74	15.80	11.76
03/2007	0.61					11.67	*	0.64			11.56

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE S&P 500

**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
100% S&P 500

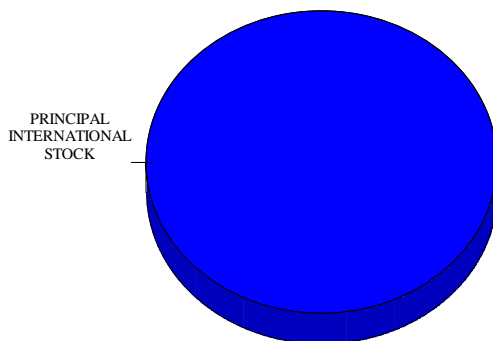
THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE S&P 500

**CITY OF ROCKVILLE
PRINCIPAL LARGE CAP STOCK INDEX
ALLOCATION OF ASSETS
JUNE 30, 2002 THROUGH MARCH 31, 2007**

DATE	NET CONTRIBUTION	EQUITY SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
6/2002	0	0	0.00	0	0.00	17,215,641	-13.39	248.41
9/2002	0	0	0.00	0	0.00	14,279,729	-17.27	205.51
12/2002	0	0	0.00	0	0.00	15,562,469	8.42	222.81
3/2003	0	0	0.00	0	0.00	16,013,501	-3.16	215.77
6/2003	0	0	0.00	0	0.00	19,249,787	15.36	248.91
9/2003	0	0	0.00	0	0.00	19,801,599	2.63	255.46
12/2003	0	0	0.00	0	0.00	22,266,157	12.10	286.37
3/2004	0	0	0.00	0	0.00	23,891,645	1.67	291.15
6/2004	0	0	0.00	0	0.00	24,374,209	1.72	296.16
9/2004	0	0	0.00	0	0.00	23,963,963	-1.87	290.62
12/2004	0	0	0.00	0	0.00	26,257,532	9.21	317.39
3/2005	0	0	0.00	0	0.00	26,420,364	-2.12	310.66
6/2005	84,114	0	0.00	0	0.00	26,845,751	1.37	314.91
9/2005	85,603	0	0.00	0	0.00	27,874,431	3.59	326.22
12/2005	74,278	28,505,988	100.00	0	0.00	28,505,988	2.08	333.00
3/2006	820,773	30,501,459	100.00	0	0.00	30,501,459	4.11	346.70
6/2006	73,642	30,116,527	100.00	0	0.00	30,116,527	-1.50	341.49
9/2006	86,022	31,890,921	100.00	0	0.00	31,890,921	5.60	360.61
12/2006	85,113	34,083,384	100.00	0	0.00	34,083,384	6.60	384.41
3/2007	892,278	35,184,113	100.00	0	0.00	35,184,113	0.61	386.74

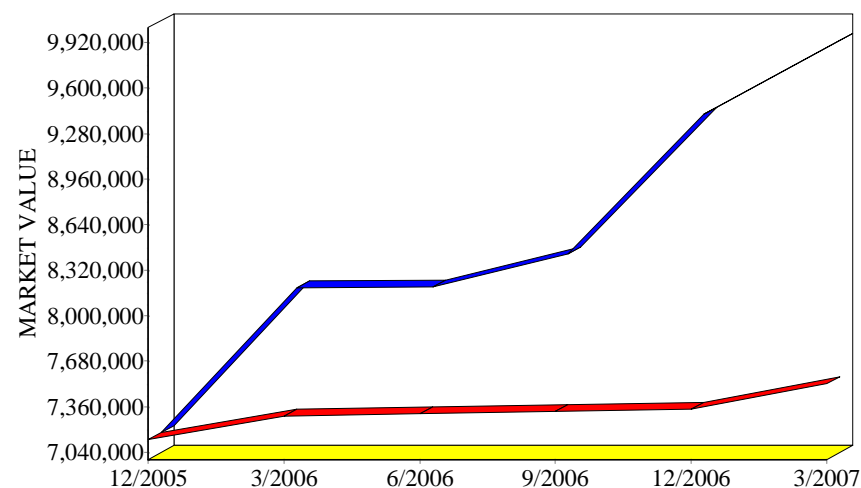
**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
ASSET ALLOCATION AND SOURCE OF PORTFOLIO GROWTH**

ASSET ALLOCATION
AS OF MARCH 31, 2007



	VALUE	PERCENT
PRINCIPAL INTERNATIONAL STOCK	9,888,606	100.00
TOTAL	9,888,606	100.00

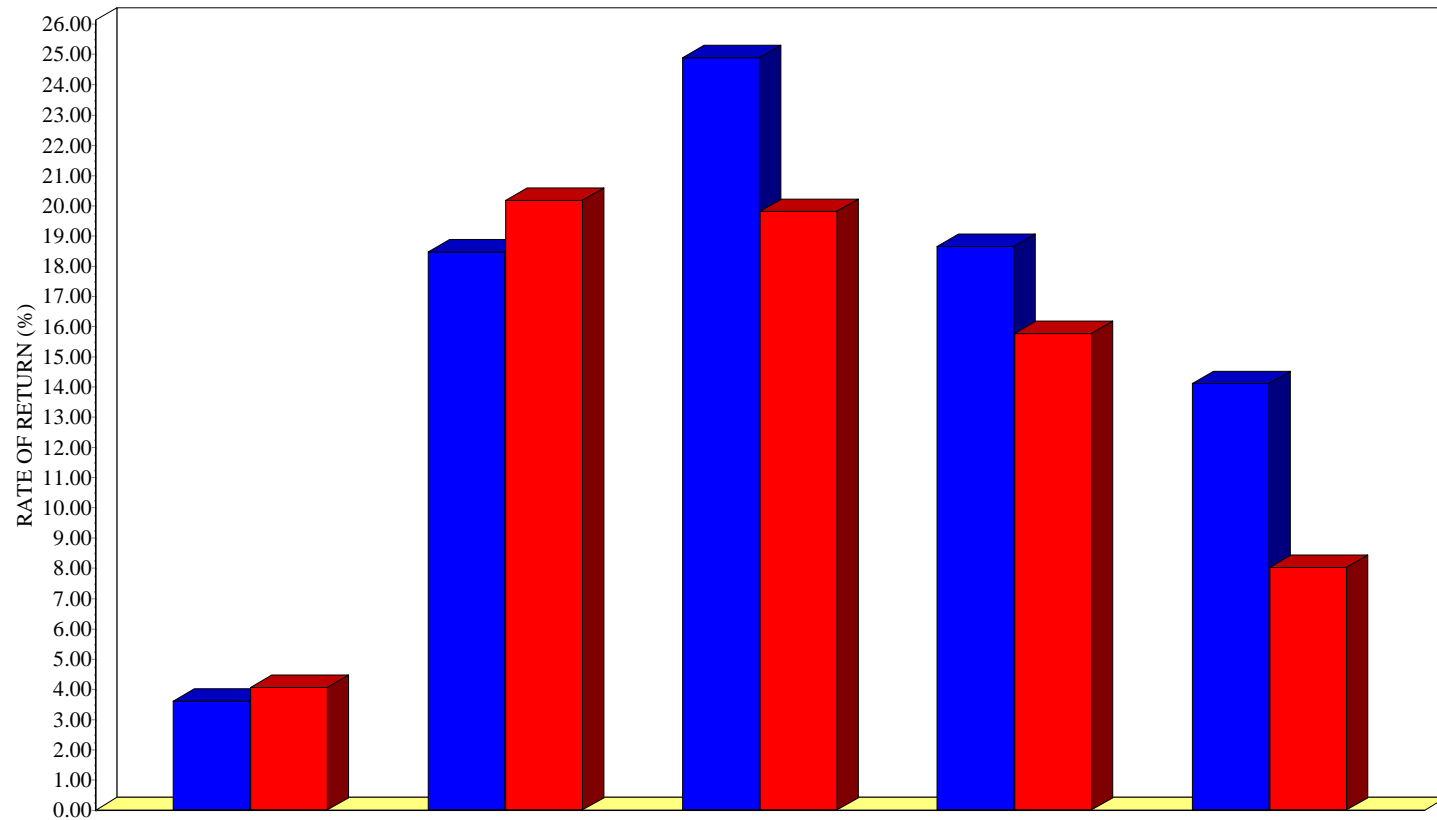
SOURCE OF PORTFOLIO GROWTH
DECEMBER 31, 2005 THROUGH MARCH 31, 2007



■ PORTFOLIO MARKET VALUE
■ BEGINNING MARKET VALUE & NET CONTRIBUTIONS

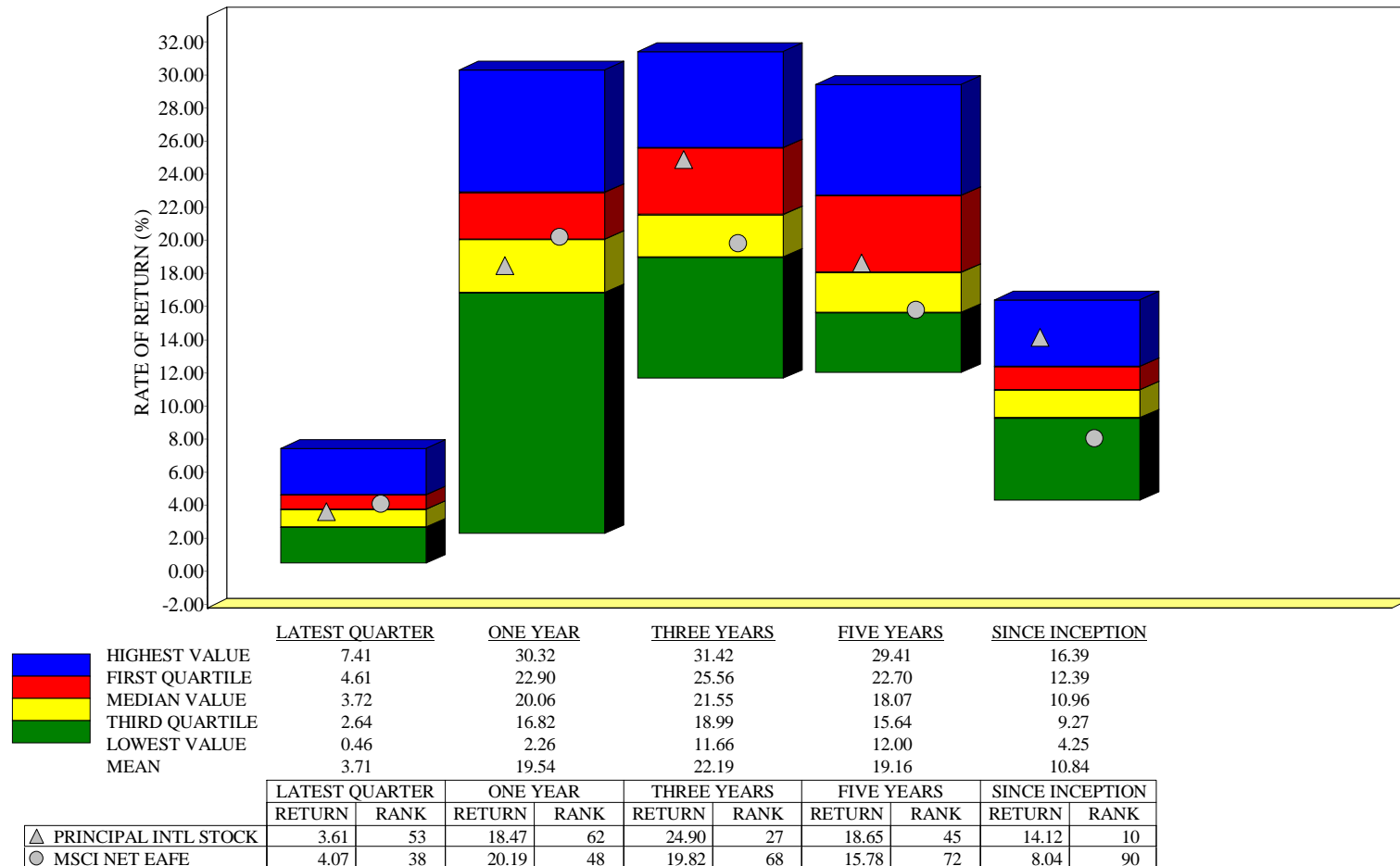
	DOLLARS	
	LATEST QUARTER	SINCE INCEPTION
BEGINNING VALUE	9,370,346	7,130,692
NET CONTRIBUTION	178,455	391,567
INVESTMENT RETURN	339,805	2,366,347
ENDING VALUE	9,888,606	9,888,606

**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
TIME-WEIGHTED RETURNS
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**



	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
PRINCIPAL INTL STOCK	3.61	18.47	24.90	18.65	14.12
MSCI NET EAFE	4.07	20.19	19.82	15.78	8.04

**CITY OF ROCKVILLE
QUARTILE RANKING ANALYSIS
TOTAL FUND AGAINST FOREIGN EQUITY MANAGERS
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**



**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
INVESTMENT PERFORMANCE
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

	LATEST QUARTER ROR	ONE YEAR ROR	THREE YEARS ROR	FIVE YEARS ROR	SINCE INCEPTION ROR
TOTAL FUND					
PRINCIPAL INTL STOCK	3.61	18.47	24.90	18.65	14.12
MSCI NET EAFE	4.07	20.19	19.82	15.78	8.04

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
100% MSCI NET EAFE

**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

DATE	ACCOUNT					MSCI NET EAFE				
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE	QUARTERLY	SEMI	ANNUALLY	SINCE	
					12/1994				12/1994	
03/1995	-0.66				-0.66	1.87			1.87	
06/1995	9.50	*	8.78	*	8.78	0.73	2.61		2.61	
09/1995	5.14	*			14.37	4.18			6.90	
12/1995	1.88		7.12		16.52	4.05	8.39	11.22	11.22	
03/1996	8.60	*			20.72	2.89			11.39	
06/1996	4.19	*	13.15	*	20.24	1.59	4.52		10.56	
09/1996	3.20	*			19.24	-0.12			8.91	
12/1996	8.40	*	11.87	*	21.45	1.59	1.47	6.06	8.61	
03/1997	3.66	*			20.77	-1.56			6.87	
06/1997	10.83		14.89	*	23.48	12.97	11.21		11.47	
09/1997	5.70	*			23.61	-0.70			10.09	
12/1997	-5.72	*	-0.35	*	19.08	-7.84	-8.48	1.77	6.28	
03/1998	15.53	*			22.83	14.71			10.35	
06/1998	-0.26		15.23		20.95	1.07	15.94		9.91	
09/1998	-17.09				13.60	-14.22			4.84	
12/1998	17.71		-2.41		17.39	20.65	3.49	19.99	9.55	
03/1999	3.22	*			17.16	1.39			9.32	
06/1999	2.95	*	6.26	*	16.88	2.54	3.96		9.39	
09/1999	2.66				16.57	4.39			9.86	
12/1999	16.21		19.30		19.21	16.99	22.13	26.97	12.83	
03/2000	3.60	*			19.01	-0.10			12.16	
06/2000	-1.33	*	2.22	*	17.79	-3.96	-4.06		10.76	
09/2000	-9.24				15.00	-8.06			8.67	
12/2000	0.83	*	-8.49	*	14.49	-2.69	-10.53	-14.16	7.81	
03/2001	3.60	*			14.52	-13.71			4.98	
06/2001	-0.75	*	2.82	*	13.79	-1.05	-14.61		4.61	
09/2001	-15.01				10.55	-14.00			2.13	

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE MSCI NET EAFE

**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

DATE	ACCOUNT							MSCI NET EAFE				
	QUARTERLY	SEMI ANNUALLY	ANNUALLY	ANNUALLY		SINCE 12/1994		QUARTERLY	SEMI ANNUALLY	ANNUALLY	SINCE 12/1994	
12/2001	9.47	*	-6.96	*	-4.33	*	11.59	*	6.98	-7.99	-21.44	3.04
03/2002	-0.48						11.09	*	0.51			3.01
06/2002	-1.43	*	-1.90				10.49	*	-2.12	-1.62		2.61
09/2002	-18.28	*					7.31	*	-19.73			-0.34
12/2002	6.47	*	-12.99	*	-14.65	*	7.91	*	6.45	-14.56	-15.94	0.45
03/2003	-7.88	*					6.60	*	-8.20			-0.60
06/2003	17.86		8.57				8.47	*	19.27	9.49		1.50
09/2003	5.62						8.90	*	8.12			2.37
12/2003	17.72	*	24.34		34.99		10.63	*	17.08	26.59	38.60	4.11
03/2004	4.24						10.82	*	4.34			4.48
06/2004	-0.77		3.44				10.44	*	0.22	4.56		4.38
09/2004	1.89	*					10.37	*	-0.28			4.23
12/2004	15.94	*	18.13	*	22.19	*	11.74	*	15.32	15.00	20.24	5.62
03/2005	0.90	*					11.53	*	-0.17			5.46
06/2005	1.62	*	2.53	*			11.41	*	-1.01	-1.17		5.23
09/2005	15.34	*					12.62	*	10.38			6.07
12/2005	6.01	*	22.27	*	25.37	*	12.91	*	4.08	14.88	13.54	6.32
03/2006	11.91	*					13.74	*	9.40			7.02
06/2006	-0.08		11.81	*			13.41	*	0.70	10.16		6.93
09/2006	2.63						13.36	*	3.93			7.13
12/2006	11.51	*	14.44		27.96	*	14.09	*	10.35	14.69	26.34	7.86
03/2007	3.61						14.12	*	4.07			8.04

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE MSCI NET EAFE

**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
100% MSCI NET EAFE

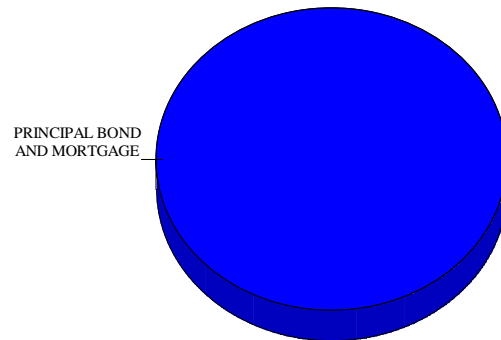
THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE MSCI NET EAFE

**CITY OF ROCKVILLE
PRINCIPAL INTERNATIONAL STOCK
ALLOCATION OF ASSETS
JUNE 30, 2002 THROUGH MARCH 31, 2007**

DATE	NET CONTRIBUTION	CASH SEGMENT	PERCENT	INTERNATIONAL EQUITY	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
6/2002	0	0	0.00	0	0.00	3,793,548	-1.43	211.34
9/2002	0	0	0.00	0	0.00	3,101,549	-18.28	172.71
12/2002	0	0	0.00	0	0.00	3,315,150	6.47	183.88
3/2003	0	0	0.00	0	0.00	3,057,341	-7.88	169.39
6/2003	0	0	0.00	0	0.00	3,611,563	17.86	199.64
9/2003	0	0	0.00	0	0.00	3,818,734	5.62	210.86
12/2003	0	0	0.00	0	0.00	4,504,363	17.72	248.23
3/2004	0	0	0.00	0	0.00	4,723,650	4.24	258.75
6/2004	0	0	0.00	0	0.00	4,693,354	-0.77	256.76
9/2004	0	0	0.00	0	0.00	4,782,815	1.89	261.61
12/2004	0	0	0.00	0	0.00	5,554,757	15.94	303.32
3/2005	0	0	0.00	0	0.00	5,735,517	0.90	306.05
6/2005	16,823	0	0.00	0	0.00	5,830,447	1.62	311.00
9/2005	17,120	0	0.00	0	0.00	6,728,079	15.34	358.71
12/2005	14,856	0	0.00	7,130,692	100.00	7,130,692	6.01	380.27
3/2006	164,155	0	0.00	8,147,150	100.00	8,147,150	11.91	425.55
6/2006	14,729	0	0.00	8,155,077	100.00	8,155,077	-0.08	425.19
9/2006	17,204	0	0.00	8,386,689	100.00	8,386,689	2.63	436.36
12/2006	17,024	0	0.00	9,370,346	100.00	9,370,346	11.51	486.60
3/2007	178,455	0	0.00	9,888,606	100.00	9,888,606	3.61	504.15

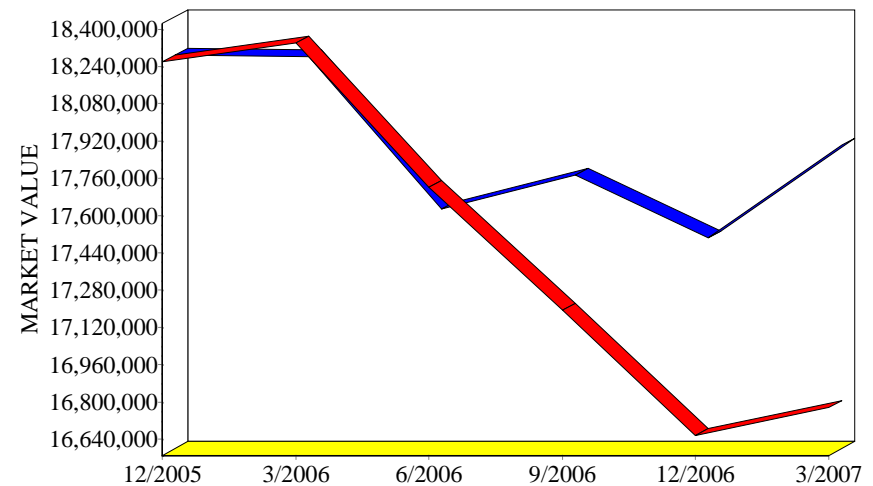
**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
ASSET ALLOCATION AND SOURCE OF PORTFOLIO GROWTH**

ASSET ALLOCATION
AS OF MARCH 31, 2007



	VALUE	PERCENT
PRINCIPAL BOND AND MORTGAGE	17,872,794	100.00
TOTAL	17,872,794	100.00

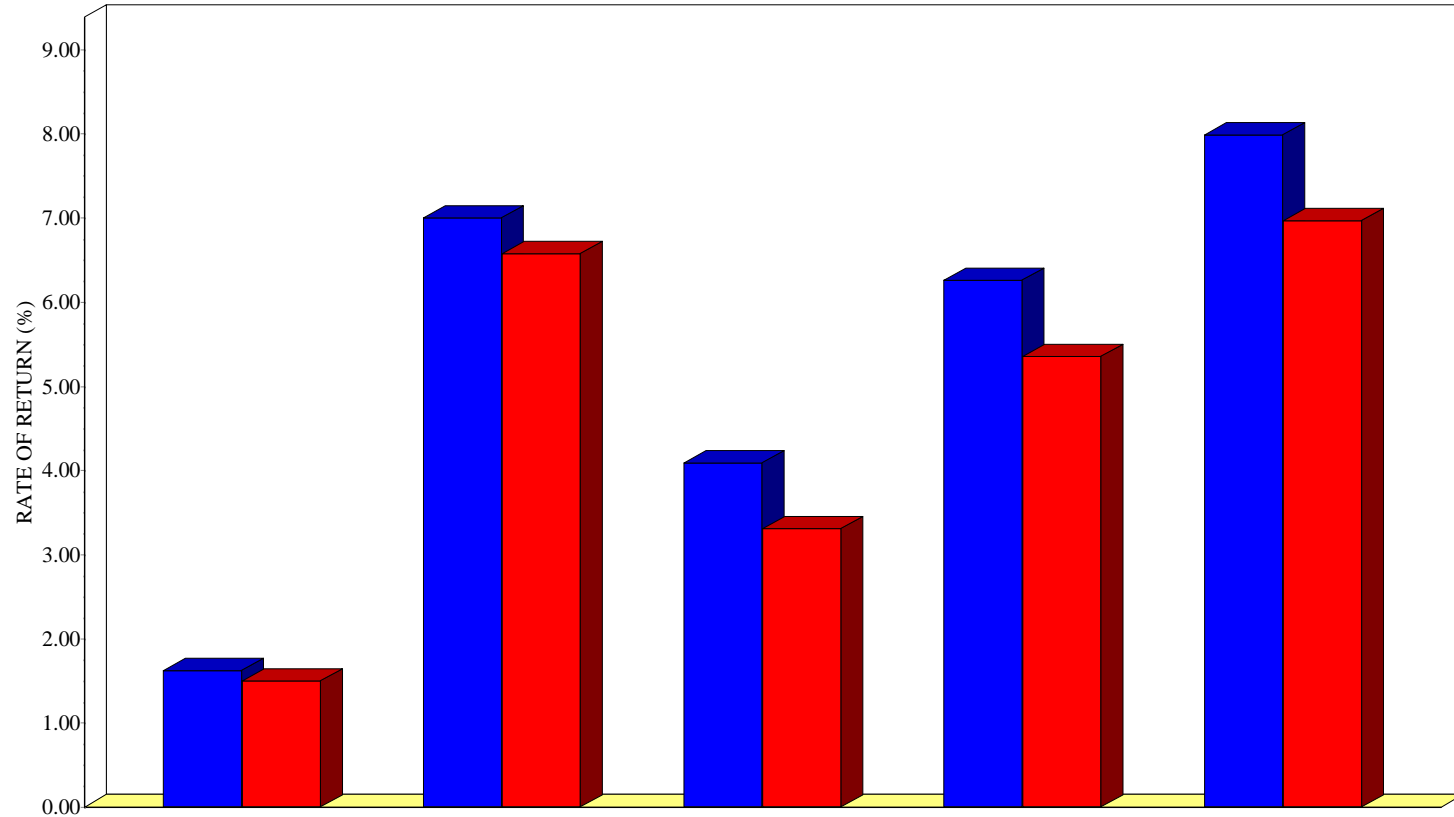
SOURCE OF PORTFOLIO GROWTH
DECEMBER 31, 2005 THROUGH MARCH 31, 2007



■ PORTFOLIO MARKET VALUE
■ BEGINNING MARKET VALUE & NET CONTRIBUTIONS

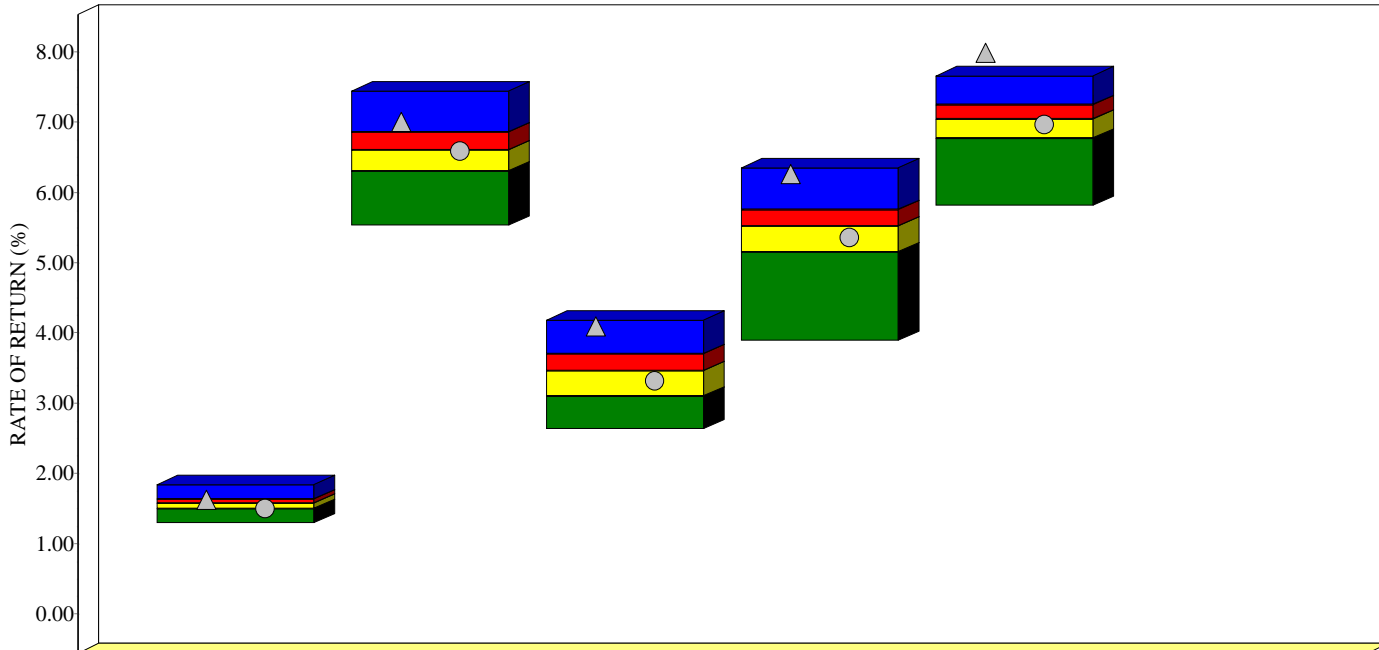
	DOLLARS	
	LATEST QUARTER	SINCE INCEPTION
BEGINNING VALUE	17,475,292	18,259,972
NET CONTRIBUTION	117,510	-1,485,358
INVESTMENT RETURN	279,992	1,098,180
ENDING VALUE	17,872,794	17,872,794


**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
TIME-WEIGHTED RETURNS
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**



	LATEST QUARTER	ONE YEAR	THREE YEARS	FIVE YEARS	SINCE INCEPTION
PRINCIPAL BOND MTG	1.62	7.00	4.09	6.26	7.99
LB AGGREGATE BOND	1.50	6.58	3.31	5.35	6.97

**CITY OF ROCKVILLE
QUARTILE RANKING ANALYSIS
TOTAL FUND AGAINST CORE FIXED INCOME
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**



		LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
	HIGHEST VALUE	1.84		7.44		4.18		6.35		7.66	
	FIRST QUARTILE	1.63		6.85		3.70		5.75		7.25	
	MEDIAN VALUE	1.57		6.61		3.46		5.51		7.04	
	THIRD QUARTILE	1.50		6.30		3.09		5.15		6.77	
	LOWEST VALUE	1.29		5.53		2.63		3.89		5.81	
MEAN		1.56		6.57		3.41		5.43		6.97	
		LATEST QUARTER		ONE YEAR		THREE YEARS		FIVE YEARS		SINCE INCEPTION	
		RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK	RETURN	RANK
▲	PRINCIPAL BOND MTG	1.62	29	7.00	12	4.09	2	6.26	1	7.99	1
●	LB AGGREGATE BOND	1.50	74	6.58	53	3.31	61	5.35	60	6.97	60

**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
INVESTMENT PERFORMANCE
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

	LATEST QUARTER ROR	ONE YEAR ROR	THREE YEARS ROR	FIVE YEARS ROR	SINCE INCEPTION ROR
TOTAL FUND					
PRINCIPAL BOND MTG	1.62	7.00	4.09	6.26	7.99
LB AGGREGATE BOND	1.50	6.58	3.31	5.35	6.97

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
100% LB AGGREGATE BOND

**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

DATE	ACCOUNT						LB AGGREGATE BOND			
	QUARTERLY	SEMI	ANNUALLY	ANNUALLY	SINCE	12/1994	QUARTERLY	SEMI	ANNUALLY	SINCE
03/1995	5.28	*			5.28	*	5.04			5.04
06/1995	6.51	*	12.13	*	12.13	*	6.09	11.44		11.44
09/1995	2.05	*			14.43	*	1.96			13.63
12/1995	4.65	*	6.80	*	19.75	*	4.26	6.31	18.47	18.47
03/1996	-1.26	*			14.35	*	-1.77			12.89
06/1996	0.66	*	-0.61	*	12.31	*	0.57	-1.21		11.06
09/1996	2.34	*			11.93	*	1.85			10.55
12/1996	3.37	*	5.79	*	5.15	*	3.00	4.90	3.63	10.80
03/1997	0.07	*			10.82	*	-0.56			9.27
06/1997	4.35	*	4.42	*	11.57	*	3.68	3.10		9.89
09/1997	3.69	*			11.93	*	3.33			10.26
12/1997	2.92		6.72	*	11.44	*	2.95	6.38	9.68	10.43
03/1998	1.96	*			11.65	*	1.54			10.10
06/1998	2.52	*	4.53	*	11.57	*	2.34	3.92		10.07
09/1998	3.83				11.87	*	4.23			10.59
12/1998	0.64	*	4.49		9.23	*	0.34	4.58	8.67	9.99
03/1999	0.39	*			10.67	*	-0.51			9.24
06/1999	-0.89		-0.50	*	9.83	*	-0.88	-1.38		8.49
09/1999	1.07	*			9.53	*	0.68			8.18
12/1999	0.04	*	1.11	*	0.60	*	-0.12	0.56	-0.83	7.73
03/2000	2.64	*			9.14	*	2.21			7.80
06/2000	1.82	*	4.51	*	9.06	*	1.73	3.98		7.77
09/2000	3.43	*			9.29	*	3.02			7.97
12/2000	4.62	*	8.21	*	13.09	*	4.21	7.36	11.63	8.37
03/2001	2.64				9.76	*	3.03			8.54
06/2001	0.91	*	3.57		9.52	*	0.56	3.60		8.29
09/2001	4.74	*			9.90	*	4.62			8.70

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE LB AGGREGATE BOND

**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

DATE	ACCOUNT					LB AGGREGATE BOND				
	QUARTERLY	SEMI ANNUALLY	ANNUALLY		SINCE 12/1994	QUARTERLY	SEMI ANNUALLY	ANNUALLY		SINCE 12/1994
12/2001	-0.09	4.65	8.39		9.52 *	0.04	4.65	8.42		8.38
03/2002	0.17	*			9.20 *	0.10				8.09
06/2002	3.76	*	3.94	*	9.42 *	3.70	3.80			8.34
09/2002	4.57				9.73 *	4.59				8.69
12/2002	1.67	*	6.32	*	10.50 *	1.57	6.23	10.27		8.61
03/2003	1.72	*			9.56 *	1.39				8.52
06/2003	2.92	*	4.69	*	9.64 *	2.50	3.92			8.58
09/2003	0.06	*			9.36 *	-0.14				8.30
12/2003	0.96	*	1.02	*	5.76 *	0.32	0.18	4.11		8.10
03/2004	2.95	*			9.29 *	2.65				8.18
06/2004	-2.12	*	0.77	*	8.79 *	-2.44	0.15			7.68
09/2004	3.42	*			8.93 *	3.20				7.82
12/2004	1.33	*	4.80	*	5.60 *	0.95	4.18	4.34		7.72
03/2005	-0.36	*			8.57 *	-0.48				7.48
06/2005	2.96		2.59	*	8.66 *	3.01	2.52			7.60
09/2005	-0.16	*			8.44 *	-0.68				7.34
12/2005	0.80	*	0.64	*	3.24 *	0.59	-0.09	2.43		7.23
03/2006	-0.48	*			8.08 *	-0.64				7.00
06/2006	-0.19		-0.67	*	7.88 *	-0.08	-0.72			6.84
09/2006	3.91	*			8.06 *	3.81				7.03
12/2006	1.53	*	5.50	*	4.79 *	1.24	5.09	4.33		6.98
03/2007	1.62	*			7.99 *	1.50				6.97

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE LB AGGREGATE BOND

**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
TOTAL FUND TIME-WEIGHTED RATES OF RETURN
DECEMBER 31, 1994 THROUGH MARCH 31, 2007**

THE POLICY INDEX REFLECTS THE RETURNS OF THE MANAGER'S ASSET
ALLOCATION IF INVESTED IN THE MARKETS REPRESENTED BY THE FOLLOWING INDEXES:

12/31/1994 - PRESENT
100% LB AGGREGATE BOND

THE ASTERISKS INDICATE THOSE PERIODS DURING WHICH THE TOTAL FUND OUTPERFORMED THE LB AGGREGATE BOND

**CITY OF ROCKVILLE
PRINCIPAL BOND AND MORTGAGE
ALLOCATION OF ASSETS
JUNE 30, 2002 THROUGH MARCH 31, 2007**

DATE	NET CONTRIBUTION	BOND SEGMENT	PERCENT	CASH SEGMENT	PERCENT	TOTAL MARKET VALUE	ROI	INDEX VALUE
6/2002	0	0	0.00	0	0.00	17,507,309	3.76	196.43
9/2002	0	0	0.00	0	0.00	17,752,917	4.57	205.40
12/2002	0	0	0.00	0	0.00	17,707,268	1.67	208.83
3/2003	0	0	0.00	0	0.00	17,585,420	1.72	212.42
6/2003	0	0	0.00	0	0.00	17,715,620	2.92	218.63
9/2003	0	0	0.00	0	0.00	17,331,022	0.06	218.76
12/2003	0	0	0.00	0	0.00	17,113,091	0.96	220.86
3/2004	0	0	0.00	0	0.00	18,534,601	2.95	227.37
6/2004	0	0	0.00	0	0.00	17,758,198	-2.12	222.55
9/2004	0	0	0.00	0	0.00	17,875,574	3.42	230.16
12/2004	0	0	0.00	0	0.00	19,064,022	1.33	233.23
3/2005	0	0	0.00	0	0.00	19,027,831	-0.36	232.39
6/2005	-427,848	0	0.00	0	0.00	19,131,117	2.96	239.27
9/2005	-438,404	0	0.00	0	0.00	18,629,316	-0.16	238.88
12/2005	-487,332	18,259,972	100.00	0	0.00	18,259,972	0.80	240.79
3/2006	80,714	18,252,926	100.00	0	0.00	18,252,926	-0.48	239.64
6/2006	-620,233	17,598,211	100.00	0	0.00	17,598,211	-0.19	239.18
9/2006	-527,584	17,744,183	100.00	0	0.00	17,744,183	3.91	248.52
12/2006	-535,765	17,475,292	100.00	0	0.00	17,475,292	1.53	252.34
3/2007	117,510	17,872,794	100.00	0	0.00	17,872,794	1.62	256.42